

SUCCESS IS...

**“An all-in-one ERP that helps  
make us Walmart’s Supplier  
of the Year.”**



Ludington, Michigan-based FloraCraft began life some 70 years ago as a small, family-owned organization, serving customers in the floral arrangements sector across the US. The business developed a relationship with Dow Chemical—who had found that the properties of Styrofoam™ made it an ideal product for arranging flowers—and then expanded production later moving into the craft market, making children’s products and educational items amongst others.

Today, the firm employs over 300 people within its Michigan, Arkansas, California and Mexico operations, shipping products across the US as well as many other countries around the world.

## **The challenge: becoming a go-to partner for retail giants**

Jim Scatena, FloraCraft’s President and CEO explains the philosophy that has helped his business become one of the most successful in its field: “We will pretty much do anything to please our customers, enhance our reputation and improve our reliability and relationships, which ultimately drives our business. We want to be that ‘go-to’ supplier, and that reputation has brought many benefits in terms of new business opportunities over the last few years.”

By capitalizing on this reputation, FloraCraft was able to reinvent itself some seven years ago. They shifted strategies to focus more on mass-market production. This change of focus almost tripled inventory, or product lines, and helped them to secure additional shelf space with large-scale retailers.

Today FloraCraft has a portfolio of 3,500 SKUs in production in any one year. However, with that increased SKU count and prime retail space came additional demands. Scatena continues: “We had fortified our logistics and supply-chain capabilities but we were quickly outgrowing our technology needs. The expansion of new products brought increased lead-times for our overseas manufacturing operations.”

“While all of this was happening, we needed to ensure that we were getting the most accurate cost information so that our products could be profitable for us and competitive on the retailer’s shelf.”

## The solution: how Plex got business blooming

With this in mind, FloraCraft's management team realized that its existing technology couldn't keep up with the needs of customers. The company's legacy system consisted of an MXP ERP that delivered printed financial and production reports which were simply sent for filing. They also used WHSe-LINK from Interlink Technologies to manage their warehouse operation, updating data to MXP with a lag time of five minutes. Their inventory wasn't serialized, leading to inaccuracies that were exacerbated during the transmission of data between the two systems.

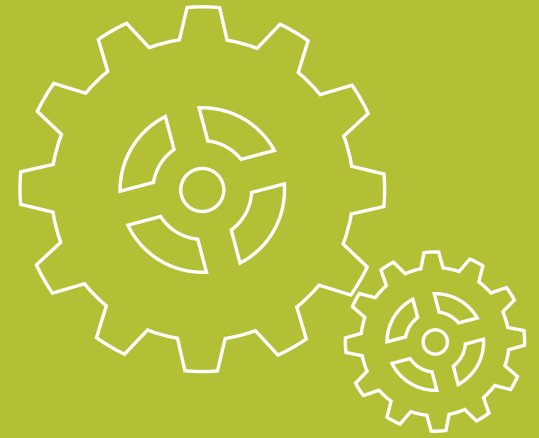
All in all, FloraCraft was existing with a very limited view of its real operational capabilities and financial status—but what was the answer? Technology. Scatena explains: "We view IT as core to our business and want to truly leverage its capabilities to improve process, create competitive differentiation and help grow our business."

So the team embarked on selecting a new ERP that could provide a single view of their business end-to-end from the moment raw materials were delivered to the moment financial reports were produced.

## Putting Plex through its paces

"We undertook a thorough review of our options, going to demos of alternative ERPs including Epicor, NetSuite and Microsoft Dynamics," says Scatena. "Ultimately Plex was a much better match for us. It had all the processes we needed integrated into one solution. And when we saw it running in production environments at Plex customer sites as well as another manufacturing company, Whitehall Industries, across town, we decided it was the perfect fit for us."

In particular, FloraCraft liked the fact that the Plex Manufacturing Cloud was a true cloud solution. Every user worked with the always-current version of the software so there were no issues with version control or functionality gaps. "We only have two IT folks at FloraCraft so not having to manage additional servers and software is a real bonus for us, as is the minimal overhead required to upgrade versions or manage ERP licensing!"



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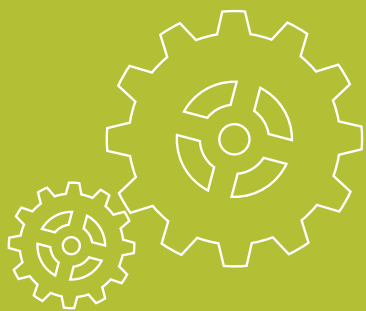


## Test, test and test again...

Knowing what a significant change this deployment would make to their operations, and recognizing the low margin/high volume nature of the business, the FloraCraft management team designed a testing and training plan specifically to mitigate risk, make cutover completely seamless and protect production integrity.

Scatena describes what happened: “We decided to bring the Time & Attendance module online first so that HR, supervisors and employees could get used to the software. Following this, we tested how some of our most complex processes would work, learning each new module with our project manager at Plex. We figured if the application worked seamlessly to deliver products that require up to six steps everything else would be a breeze.”

“This testing phase actually gave us some unexpected benefits,” states Scatena. “It allowed us to tear up our old processes, get rid of old habits and start over. As we built up the layers of complexity by testing Plex across the business, from receipt of goods to shipping and invoicing, we often uncovered opportunities to enhance the way we work.”



## Engaging employees

As powerful as any software appears to be, it can only deliver value if users work with it. FloraCraft's IT Director, Wally Cain was concerned about the low level of IT skills amongst the plant floor workforce and whether this would in fact be a roadblock to the Plex installation.

“If any future customers of Plex are concerned about how their workforce will take to the Plex Manufacturing Cloud I would tell them not to worry,” he reassures. “Because most of our manufacturing processes were paper based, very few of our people were proficient IT users. We put in place intensive training, even on how to use a mouse, and within a matter of weeks all of our shop floor personnel were using Plex very well indeed.”

## Rapid, profit-yielding results

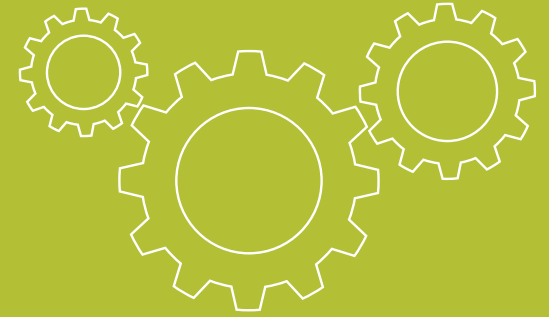
Within a few months of starting their project, FloraCraft had rolled out Plex across all four of their sites. The system has now been live for more than two years and has transformed both the operational efficiency and commercial success of the company, as follows:

In 2014, FloraCraft won Walmart's Supplier of the Year accolade—something that the Plex Manufacturing Cloud played a crucial role in achieving.

Walmart looked to its suppliers to execute on some important metrics around sales growth, on-time shipping and fill-rate, gross margin return on investment, retail unit turns, and replenishable in stock—where 99% of their stores had to be stocked on any given day.

“The Plex Advanced Planning & Scheduling functionality was particularly useful in helping us better serve Walmart,” Scatena clarifies. “Every week the retailer updates its warehouse order projections in terms of what it needs to buy. We load this information into Plex and get a view of Walmart's forecast versus what we have on order. This gives us much better visibility of lead times for suppliers like this. Also, being able to dynamically schedule production allows us to ensure we have the right quantities of materials at the right time.”

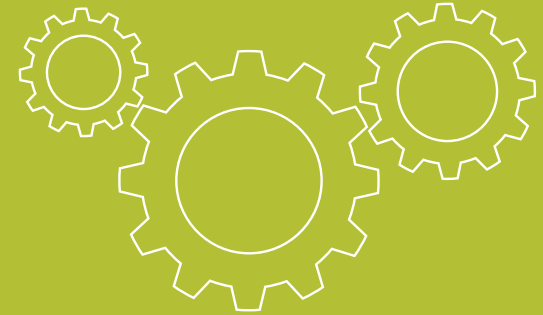
“With Walmart we have a 6-day lead-time. They send their orders in on a Tuesday and we ship them back on Friday through to Monday, so it's vital that we have the right inventory on hand.”



This efficiency has resulted in an increase in FloraCraft SKUs placed with Walmart by an incredible 60%.

- **Profitability is rising** since FloraCraft has seen a 60% increase in revenue with 0% increase in labor hours.
- **Fill Rate** is another measure Walmart uses, which FloraCraft meets using the serialized inventory capabilities in Plex. It has 160 SKUs with Walmart, in high volumes, and now has the ability to track all of its inventory, which helps to ensure Walmart gets the right product at the right store. Plex has helped FloraCraft to increase fill rates from an excellent 99.35% to an even better 99.7%.
- **Quality** is critical in mass markets so it is vital to have the right UPC number on a product. Plex forces production staff to scan and verify UPC codes within the manufacturing process. Before Plex they had undertaken manual verification, which was unsurprisingly subject to mistakes given that FloraCraft holds 3,500 SKUs. With Plex, verification is 100% perfect.
- **Time and attendance**, part of the Plex HR module, ensures that all information concerning staff is in one place. Supervisors can also get a view of how their people are performing and share that insight with the HR team.

- **Financial reporting** is crucial in organizations such as FloraCraft that run a low margin, high volume business model. In the past, the firm could generate financial statements but their accuracy was questionable it was impossible to capture purchase price data or manufacturing variances. “With Plex we can capture variances and this has now made a difference to profitability. Before Plex, our costs were best guesses and we’d factor that with as much actual data as we could manually collect. Now with Plex we have more accurate costing data, which allows us to do something extraordinary—pin costs down to one tenth of a cent!” says Scatena.
- **Profitable product development** is also far easier now due to the real-time data FloraCraft can derive from Plex, and this is helping the leadership team to make better and faster decisions about which products to invest in for the future.
- **Decision-making has improved** thanks to Plex’s business intelligence tool. This allows managers to gain insights across all departments and even operational staff are benefitting. Scatena expounds the merits: “By creating production dashboards that associates can see with data such as rates per hour, fill rates, and shipping metrics, all in real time is something we could only dream of before, and it’s something that is really motivating our staff.”



“This is having a positive impact on our associates. With Plex, not only has their level of computer knowledge improved, our people can access data to support their hunches on how to improve certain processes. For example, they are able to track downtime and use relevant data from Plex to tackle those issues.”

“All in all we have created a terrific relationship with Plex,” concludes Scatena. “We had a great project manager and, after implementation, Plex transitioned us over to the Customer Care team. We were also able to form close relationships with the EDI, HR and accounting specialists, so we were able to get more value from these modules.”

“The people at Plex became our partners, not our suppliers,” Scatena said. “They were willing to explore new ideas and add features. There is nothing we have asked them to do that they have said ‘no’ to. Their continued involvement gives us great confidence regarding our ability to grow and meet the demands of our customers.”

In future, FloraCraft will finalize their Plex implementation by switching on the maintenance module and by rolling out additional Plex capabilities within their Mexico facilities.

Learn how the Plex Manufacturing Cloud can help you

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